

## Recycled Water Provisions – New Agreement

### 1.1 New Definition

() “recycled water” means wastewater treated to secondary or tertiary standards or higher.

() “recycled water project” means any project that provides recycled water and (1) results in a reduction in use of water from the transmission system or (2) results in a reduction in the diversion of water from the Russian River or any of its tributaries.

### 1.2 Recital of Purposes

Among the purposes of this agreement are to provide a water supply or a supplemental water supply for each of the water contractors, to encourage water conservation and recycled water use, to provide environmental improvements and enhancements to allow for sustainable and continued use of Russian River Project water, to encourage the development of local projects to offset potable water use, to protect water quality, and to provide for payment to the Agency for water delivered hereunder sufficient to enable it to pay the capital costs of major replacements and additions to the Transmission System and to meet its obligations on ~~its 1955 Bonds and~~ the Revenue Bonds and its expenses of operating and maintaining the Transmission System and carrying out the activities authorized hereunder.

### 1.13 Recycled Water Requirements

Within five years from the date of this Agreement, the water contractors shall carry out or participate in recycled water projects capable of delivering recycled water sufficient to reduce the water contractors' collective deliveries from the Transmission System by at least five percent (5%). If the Agency reasonably determines that the water contractors have not met the five percent (5%) goal in any calendar year, based upon a trend analysis that normalizes annual differences in weather and hydrology, the Agency shall assess a penalty against all water contractors in the next fiscal year equal to ten percent (10%) of the Operation and Maintenance Charge for that fiscal year. The proceeds from the assessment of such a penalty shall be placed in the Recycled Water Fund.

### 4.17 Recycled Water Charge; Recycled Water Fund

In addition to the other charges provided by this part, each water contractor shall pay a Recycled Water Charge. The Recycled Water Charge shall be a uniform charge per acre-foot and shall be paid by all regular customers or Russian River Customers for all water taken from the Transmission System or under the Agency's water rights. The Agency shall use its best

efforts to modify existing contracts as necessary to effect payment of the Recycled Water Charge by other Agency customers and Russian River Customers. Monies collected from the Recycled Water Charge shall be placed in a Recycled Water Fund created by the Agency. The aggregate amount of money to be received by the Agency from the Recycled Water Charge for each fiscal year shall be sufficient to produce water sale revenues to cover the Agency's estimate of the capital and operation and maintenance costs of recycled water projects or the acquisition of recycled or reclaimed water or the rights thereto pursuant to section 2.6 of this agreement, including a reasonable allowance for usual contingencies and errors in estimation, and to accumulate and maintain a prudent reserve in an amount determined from time to time by the Water Advisory Committee. The Recycled Water Fund shall be used only to pay or partially pay for the capital and operation and maintenance costs of recycled or reclaimed water projects or the acquisition of recycled or reclaimed water or the rights thereto pursuant to section 2.6 of this agreement.

## **2.6 Recycled Water Projects**

(a) With the approval of the Water Advisory Committee, the Agency may fund or partially fund any recycled water project carried out, sponsored by, or participated in by one or more water contractors. The Water Advisory Committee shall identify, prioritize, and approve recycled water projects that will meet the recycled water requirements set forth in section 1.13 of this agreement, and shall seek financial contributions for recycled water projects funded under this subsection 2.6(a) from applicable wastewater treatment plant owners.

(b) With the approval of the Water Advisory Committee, the Agency may construct, acquire, or fund recycled water projects, or enter into agreements for the acquisition and sale of recycled water (or the rights to recycled water), in addition to the recycled water projects funded under subsection 2.6(a).

(c) The capital cost (including Revenue Bond obligations, if any) and, if applicable, the operation and maintenance cost of recycled water projects, and the cost of acquiring recycled water or the rights thereto, shall be paid from the Recycled Water Fund. With the approval of the Water Advisory Committee, the Agency may transfer funds from the operations and maintenance fund to assist in the construction, acquisition, funding, or operation and maintenance of recycled water projects. Recycled water projects constructed or funded by the Agency under this section shall not become part of the transmission system unless agreed upon by the Water Advisory Committee and the Agency.